



HEALTH QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2014
OF THE CONDITION AND AFFAIRS OF THE

SilverScript Insurance Company

NAIC Group Code 4667 (Current) 4667 (Prior) NAIC Company Code 12575 Employer's ID Number 20-2833904

Organized under the Laws of Tennessee, State of Domicile or Port of Entry Tennessee

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health

Is HMO Federally Qualified? Yes [] No [X]

Incorporated/Organized 05/11/2005 Commenced Business 01/01/2006

Statutory Home Office 445 Great Circle Road (Street and Number), Nashville, TN, US 37228 (City or Town, State, Country and Zip Code)

Main Administrative Office 445 Great Circle Road (Street and Number), Nashville, TN, US 37228 (City or Town, State, Country and Zip Code), 615-743-6600 (Area Code) (Telephone Number)

Mail Address 445 Great Circle Road (Street and Number or P.O. Box), Nashville, TN, US 37228 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 445 Great Circle Road (Street and Number), Nashville, TN, US 37228 (City or Town, State, Country and Zip Code), 615-743-6600 (Area Code) (Telephone Number)

Internet Website Address http://www.silverscript.com

Statutory Statement Contact Edward Reed Averill (Name), 401-770-7702 (Area Code) (Telephone Number), Edward.Averill@CVSCaremark.com (E-mail Address), 401-733-0552 (FAX Number)

OFFICERS

President Todd Dean Meek

Treasurer Anthony Graham Strong

Vice President Albert Franklin Moffett #

Secretary Michele Wugalter Buchanan

OTHER

Rebecca Conway Justice Actuary

DIRECTORS OR TRUSTEES

David Scott Azzolina

Todd Dean Meek

Jane Frances Barlow #

Mary Kristina Meyer

Harold Neil Lund

State of County of SS:

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Todd Dean Meek President

Michele Wugalter Buchanan Secretary

Anthony Graham Strong Treasurer

Subscribed and sworn to before me this day of

a. Is this an original filing? Yes [X] No []

b. If no, 1. State the amendment number..... 2. Date filed 3. Number of pages attached.....

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	2,825,428		2,825,428	2,852,200
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens.....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$(674,062)), cash equivalents (\$) and short-term investments (\$15,543,812)	14,869,750		14,869,750	48,672,313
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets			0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	260,000
12. Subtotals, cash and invested assets (Lines 1 to 11)	17,695,178	0	17,695,178	51,784,513
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	14,306		14,306	17,793
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	121,004,064	105,280,343	15,723,721	16,838,910
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums	3,809		3,809	3,819
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	3,685,707,490	2,625,494	3,683,081,996	2,381,550,470
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset	29,209,041		29,209,041	29,209,041
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$) and other amounts receivable			0	0
25. Aggregate write-ins for other than invested assets	2,929,598	2,929,598	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	3,856,563,486	110,835,435	3,745,728,051	2,479,404,546
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	3,856,563,486	110,835,435	3,745,728,051	2,479,404,546
DETAILS OF WRITE-INS				
1101. Matured investment being held by State			0	260,000
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0	260,000
2501. Prepaid Expenses	2,929,598	2,929,598	0	
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	2,929,598	2,929,598	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$77,329,197 reinsurance ceded)	316,227,720		316,227,720	203,622,464
2. Accrued medical incentive pool and bonus amounts	11,279,711		11,279,711	200,000
3. Unpaid claims adjustment expenses			0	0
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act	264,757,959		264,757,959	222,079,283
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	3,408,742		3,408,742	5,609,269
9. General expenses due or accrued	7,020,689		7,020,689	31,401,140
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))	104,419,817		104,419,817	44,506,328
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others.....			0	0
13. Remittances and items not allocated	25,361		25,361	44,815
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	1,376,188,146		1,376,188,146	803,780,895
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$6,470,374 authorized reinsurers, \$168,027,486 unauthorized reinsurers and \$ certified reinsurers).....	174,497,860		174,497,860	156,686,264
20. Reinsurance in unauthorized and certified (\$) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	1,132,406,237		1,132,406,237	679,611,984
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	3,390,232,242	0	3,390,232,242	2,147,542,442
25. Aggregate write-ins for special surplus funds	XXX	XXX	46,125,000	0
26. Common capital stock	XXX	XXX	2,750,000	2,750,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	124,750,000	124,750,000
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	181,870,809	204,362,104
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	355,495,809	331,862,104
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	3,745,728,051	2,479,404,546
DETAILS OF WRITE-INS				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	0	0	0	0
2501. Section 9010 Special Surplus	XXX	XXX	46,125,000	
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	XXX	XXX	46,125,000	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	XXX	27,635,536	31,822,584	41,765,543
2. Net premium income (including \$ non-health premium income).....	XXX	2,056,855,454	2,432,701,827	3,111,842,234
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	(42,678,676)	1,188,833	(146,247,628)
4. Fee-for-service (net of \$ medical expenses).....	XXX			
5. Risk revenue	XXX			
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	2,014,176,778	2,433,890,660	2,965,594,606
Hospital and Medical:				
9. Hospital/medical benefits				
10. Other professional services				
11. Outside referrals				
12. Emergency room and out-of-area				
13. Prescription drugs		2,097,891,938	2,662,812,466	3,147,191,730
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		16,413,441		200,000
16. Subtotal (Lines 9 to 15)	0	2,114,305,379	2,662,812,466	3,147,391,730
Less:				
17. Net reinsurance recoveries		428,659,179	516,960,628	621,455,381
18. Total hospital and medical (Lines 16 minus 17)	0	1,685,646,200	2,145,851,838	2,525,936,349
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$861,812 cost containment expenses		129,411,902	171,192,334	243,655,860
21. General administrative expenses		84,923,200	50,246,597	65,589,644
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)				0
23. Total underwriting deductions (Lines 18 through 22).....	0	1,899,981,302	2,367,290,769	2,835,181,853
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	114,195,476	66,599,891	130,412,753
25. Net investment income earned		17,457	27,746	33,267
26. Net realized capital gains (losses) less capital gains tax of \$				
27. Net investment gains (losses) (Lines 25 plus 26)	0	17,457	27,746	33,267
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$10,162) (amount charged off \$335,334)].		(325,172)	(4,145,199)	(4,085,909)
29. Aggregate write-ins for other income or expenses	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	113,887,761	62,482,438	126,360,111
31. Federal and foreign income taxes incurred	XXX	59,913,489	21,868,853	44,305,680
32. Net income (loss) (Lines 30 minus 31)	XXX	53,974,272	40,613,585	82,054,431
DETAILS OF WRITE-INS				
0601. ~	XXX			0
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698)(Line 6 above)	XXX	0	0	0
0701. ~	XXX			0
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798)(Line 7 above)	XXX	0	0	0
1401. ~				0
1402. ~				0
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498)(Line 14 above)	0	0	0	0
2901. ~				0
2902. ~				0
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998)(Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
CAPITAL AND SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year.....	331,862,104	286,007,619	286,007,619
34. Net income or (loss) from Line 32	53,974,272	40,613,585	82,054,431
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$			
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax			19,932,232
39. Change in nonadmitted assets	(30,340,567)	(58,877,131)	(56,132,178)
40. Change in unauthorized and certified reinsurance	0	0	0
41. Change in treasury stock	0	0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles.....			
44. Capital Changes:			
44.1 Paid in	0	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0	0
44.3 Transferred to surplus.....			
45. Surplus adjustments:			
45.1 Paid in	0	0	0
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders			
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital & surplus (Lines 34 to 47)	23,633,705	(18,263,546)	45,854,485
49. Capital and surplus end of reporting period (Line 33 plus 48)	355,495,809	267,744,073	331,862,104
DETAILS OF WRITE-INS			
4701.			0
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798)(Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	2,030,419,291	2,364,636,853	3,037,291,961
2. Net investment income	40,779	47,517	57,853
3. Miscellaneous income	0	0	0
4. Total (Lines 1 to 3)	2,030,460,070	2,364,684,370	3,037,349,814
5. Benefit and loss related payments	1,561,961,233	2,030,232,118	2,347,200,793
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	502,568,337	753,449,420	1,006,438,296
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0	59,794,384
10. Total (Lines 5 through 9)	2,064,529,570	2,783,681,538	3,413,433,473
11. Net cash from operations (Line 4 minus Line 10)	(34,069,500)	(418,997,168)	(376,083,659)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	640,000	300,000	360,000
12.2 Stocks	0	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	0
12.7 Miscellaneous proceeds	260,000	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	900,000	300,000	360,000
13. Cost of investments acquired (long-term only):			
13.1 Bonds	633,063	1,633,500	1,693,481
13.2 Stocks	0	0	0
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	200,000	0
13.6 Miscellaneous applications	0	0	260,000
13.7 Total investments acquired (Lines 13.1 to 13.6)	633,063	1,833,500	1,953,481
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	266,937	(1,533,500)	(1,593,481)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	0	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	0	0	0
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(33,802,563)	(420,530,668)	(377,677,140)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	48,672,313	426,349,453	426,349,453
19.2 End of period (Line 18 plus Line 19.1)	14,869,750	5,818,785	48,672,313

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	3,354,748	0	0	0	0	0	0	0	0	3,354,748
2. First Quarter	3,094,439	0	0	0	0	0	0	0	0	3,094,439
3. Second Quarter	3,046,813	0	0	0	0	0	0	0	0	3,046,813
4. Third Quarter	3,013,413	0	0	0	0	0	0	0	0	3,013,413
5. Current Year	0									
6. Current Year Member Months	27,635,536									27,635,536
Total Member Ambulatory Encounters for Period:										
7. Physician	0									
8. Non-Physician	0									
9. Total	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	0									
11. Number of Inpatient Admissions	0									
12. Health Premiums Written (a)	2,585,350,538									2,585,350,538
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	2,535,413,562									2,535,413,562
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services.....	1,960,533,310									1,960,533,310
18. Amount Incurred for Provision of Health Care Services	2,114,305,379									2,114,305,379

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$2,585,350,538

STATEMENT AS OF SEPTEMBER 30, 2014 OF THE SilverScript Insurance Company

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims						
1	2	3	4	5	6	7
Account	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Over 120 Days	Total
Claims Unpaid (Reported)						
CVS Caremark Part D Services, L.L.C.	291,691,656	10,449,995				302,141,651
0199999. Individually listed claims unpaid	291,691,656	10,449,995	0	0	0	302,141,651
0299999 Aggregate accounts not individually listed-uncovered						0
0399999 Aggregate accounts not individually listed-covered	64,117					64,117
0499999 Subtotals	291,755,773	10,449,995	0	0	0	302,205,768
0599999 Unreported claims and other claim reserves						91,351,149
0699999 Total amounts withheld						
0799999 Total claims unpaid						393,556,917
0899999 Accrued medical incentive pool and bonus amounts						11,279,711

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid					0	0
8. Other health	135,025,981	1,426,935,252	54,057,078	262,170,642	189,083,059	203,622,464
9. Health subtotal (Lines 1 to 8)	135,025,981	1,426,935,252	54,057,078	262,170,642	189,083,059	203,622,464
10. Healthcare receivables (a)					0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts			220,862	11,058,849	220,862	200,000
13. Totals (Lines 9-10+11+12)	135,025,981	1,426,935,252	54,277,940	273,229,491	189,303,921	203,822,464

(a) Excludes \$ loans or advances to providers not yet expensed.

Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

SilverScript Insurance Company (the “Company”), a Tennessee domiciled insurance company, is a wholly owned subsidiary of Part D Holding Company, L.L.C. (the “Parent”), and a wholly owned indirect subsidiary of CVS Health Corporation (the “Ultimate Parent”). The financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance (the “Department”).

The Department recognizes only statutory accounting practices prescribed or permitted by the State of Tennessee for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under Tennessee Insurance Law. The National Association of Insurance Commissioners’ (“NAIC”) *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the State of Tennessee.

On January 1, 2013, the Medicare Part D lives of Pennsylvania Life Insurance Company, a wholly owned subsidiary of the Ultimate Parent, were novated into the Company. This novation substantially increased the membership of the Company in 2013.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and its practices prescribed and permitted by the State of Tennessee is shown below:

		<u>Nine months</u> <u>ending</u> <u>September 30,</u> <u>2014</u>		<u>Year ending</u> <u>December 31, 2013</u>	
<u>NET INCOME :</u>					
	<u>State of Domicile</u>				
State basis	<u>Tennessee</u>	\$	53,974,272	\$	82,054,431
State Prescribed Practices that increase/(decrease) NAIC SAP:	<u>Tennessee</u>		-		-
State Permitted Practices that increase/(decrease) NAIC SAP:	<u>Tennessee</u>		-		-
NAIC SAP	<u>Tennessee</u>		<u>53,974,272</u>		<u>82,054,431</u>
		<u>September 30,</u> <u>2014</u>		<u>December 31, 2013</u>	
<u>SURPLUS :</u>					
State basis	<u>Tennessee</u>	\$	355,495,809	\$	331,862,104
State Prescribed Practices that increase/(decrease) NAIC SAP:	<u>Tennessee</u>		-		-
State Permitted Practices that increase/(decrease) NAIC SAP:	<u>Tennessee</u>		-		-
NAIC SAP	<u>Tennessee</u>	\$	<u>355,495,809</u>	\$	<u>331,862,104</u>

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with the *Quarterly Statement Instructions* and Statutory Accounting Principles requires management to make estimates and assumptions that affect amounts reported on the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period.

C. Accounting Policy

The Company has adopted accounting policies with respect to particular accounts or transactions which could materially affect its assets, liabilities, capital and surplus or results of operations as follows:

- (1) Short-term investments include money market holdings that are stated at fair value. In addition, bonds with an original purchase maturity date of less than one year are stated at amortized cost using the straight-line method of amortization on premiums or discounts and are classified as short-term investments.
- (2) Bonds with an original purchase maturity date greater than one year are stated at amortized cost using the straight-line method of amortization on premiums or discounts. None of the Company's bonds became impaired during the nine months ended September 30, 2014 or the twelve months ended December 31, 2013.

Notes to Financial Statement

1. Summary of Significant Accounting Policies (Continued)

- (3) The Company had 10.0 million shares, (\$1 par), of Class A common capital stock authorized, and 2.75 million of such shares issued and outstanding as of the quarter ended September 30, 2014 and the year ended December 31, 2013.
- (4) Mortgage Loans: None
- (5) Preferred Stocks: None
- (6) Loan-backed Securities: None
- (7) Investment in Subsidiaries, Controlled and Affiliated Companies: None
- (8) Joint Ventures, Partnerships, and Limited Liability Companies: None
- (9) Derivatives: None
- (10) The Company does not utilize anticipated investment income as a factor in determining premium deficiencies.
- (11) The Company has recorded estimates of incurred but not reported claims for claims paid by external entities and subsequently billed to the Company such as claims paid by State pharmaceutical assistance programs and for paper claims. Incurred but not reported claims are estimated based on historical experience.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) Amounts recorded in the Company's financial statements for pharmaceutical rebates are determined based on the amounts CVS Caremark Part D Services, L.L.C. and Member Health, L.L.C. (collectively, the "Part D Services") which are affiliates of the Parent Company, expects to collect from various pharmaceutical manufacturers.

2. Accounting Changes and Corrections of Errors

As regards assessments under the Affordable Care Act Section 9010, the Company adopted provisions of SSAP 35-R in the preparation of the current quarter's financial statements. Had the Company adopted these provisions in the first and second quarter of 2014, the impact of this on the financial statements would have been as follows:

3/31/14 Quarterly Statement:

General Expenses due or accrued: Increase \$40.3 million.
General and Administrative Expenses and Claim adjustment expenses: Increase of \$40.3 million.
Unassigned Funds (Surplus): Decrease \$55.7 million
Aggregate Write-ins for Special Funds: Increase of \$15.4 million

6/30/14 Quarterly Statement:

General Expenses due or accrued: Increase \$28.7 million
General and Administrative Expenses and Claim adjustment expenses: Increase \$28.7 million
Unassigned Funds (Surplus): Decrease \$59.4 million
Aggregate Write-ins for Special Funds: Increase of \$30.7 million

3. Business Combinations and Goodwill

- A. Statutory Purchase Method: None
- B. Statutory Merger: None
- C. Assumption Reinsurance:
 - (1) Effective July 11, 2014, the Company acquired certain assets and liabilities from FirstCare, Inc. ("FirstCare") related to their Medicare Part D business. This transaction qualifies as Assumption Reinsurance as defined in SSAP No. 61.
 - (2) The Company purchased FirstCare Insurance Company's Medicare Part D business for the 2014 contract year, as well as their on-going Medicare Part D Contract with the Centers for Medicare and Medicaid Services ("CMS").
 - (3) The Company paid \$822 thousand in cash for the business with zero goodwill being recorded.

Notes to Financial Statement

3. Business Combinations and Goodwill (continued)

(4) None

D. Impairment Loss: None

4. Discontinued Operations

None

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans: None
- B. Debt Restructuring: None
- C. Reverse Mortgages: None
- D. Loan-Backed Securities: None
- E. Repurchase Agreements and/or Securities Lending Transactions: None
- F. Real Estate: None
- G. Low-Income Housing Tax Credits (“LIHTC”): None
- H. Restricted Assets: None

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. Investment Income

- A. Due and accrued income was excluded from surplus on the following basis:

All investment income due and accrued with amounts over 90 days past due are excluded from surplus.
- B. The total amount excluded was: None

8. Derivative Instruments

None

9. Income Taxes

No material changes.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A., B., C During the nine months ended September 30, 2014 and the year ended December 31, 2013, the Company did not have any material transfer of assets to affiliates.
- D. The Company had a net \$1,784.9 million and \$1,102.2 million payable to affiliates at September 30, 2014 and December 31, 2013, respectively.
- E. The Company does not have any guarantees or undertakings for the benefit of an affiliate, which result in a material contingent exposure of the Company’s or any related party’s assets or liabilities.
- F. The following is a description of management and service contracts and cost sharing agreements involving the Company and any related party:

In general, the Company relies on its Parent Company and other affiliates under common control of the Ultimate Parent for all support and operations functions. For specific owner/affiliate relationships, refer to the Legal Entities Organizational Chart contained in Schedule Y.

Notes to Financial Statement

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties (Continued)

Except for amounts due to other PDPs, all claims paid and incurred are based on amounts billed by the Parent Company and its affiliates for pharmacy claims filled by pharmacies in the Parent Company's pharmacy network or claims submitted to the Parent Company for pharmacy claims paid by state agencies. Additionally, all pharmaceutical rebates are received or receivable from the Parent Company, which contracts with pharmaceutical manufacturers for such rebates.

As of September 30, 2014, the Company owed the Parent Company and its affiliates \$1,784.9 million of which \$240.7 million represented an insured liability of the Company and is included in *claims unpaid* in the accompanying balance sheets, \$168.0 million is included in *funds held under reinsurance treaties* relating to the Company's reinsurance agreement with CVS Caremark Indemnity, Ltd., an affiliate and \$1,376.2 million is included in *amounts due to parent, subsidiaries and affiliates* and is primarily comprised of amounts due for uninsured pharmacy claims processed and management fees from the Parent Company.

As of December 31, 2013, the Company owed the Parent Company and its affiliates \$1,102.2 million of which \$143.9 million represented an insured liability of the Company and is included in *claims unpaid* in the accompanying balance sheets, \$154.5 million is included in *funds held under reinsurance treaties* relating to the Company's reinsurance agreement with CVS Caremark Indemnity, Ltd., an affiliate, and \$803.8 million is included in *amounts due to parent, subsidiaries and affiliates* and is primarily comprised of amounts due for uninsured pharmacy claims processed, pharmaceutical rebate payments received in excess of pharmaceutical rebates earned and management fees from the Parent Company.

The Company pays Part D Services a management fee for sales, accounting, tax, legal, information technology, compliance, claims processing and other administrative functions under a management services agreement, which has been filed with the Department. The management fee is assessed on a per-member, per-month ("pmpm") and a per claim basis and totaled \$255.3 million for the nine months ended September 30, 2014, of which \$208.5 million was allocated to *claims adjustment expenses* with the remaining \$46.8 million allocated to *general and administrative expenses*. In addition, related to the Company's reinsurance agreement with CVS Caremark Indemnity, Ltd., the Company recognized a total of \$60.0 million of reduction of expenses related to ceded expenses for the nine months ended September 30, 2014, of which \$36.2 million was allocated to *claims adjustment expense* and \$23.8 million was allocated to *general and administrative expense*. The management fee totaled \$278.9 million for the nine months ended September 30, 2013, of which \$215.6 million was allocated to *claims adjustment expenses* with the remaining \$63.3 million allocated to *general and administrative expenses*. In addition, related to the Company's reinsurance agreement with CVS Caremark Indemnity, Ltd., the Company recognized a total of \$69.3 million of reduction of expenses related to ceded expenses for the nine months ended September 30, 2013, of which \$53.6 million was allocated to *claims adjustment expense* and \$15.7 million was allocated to *general and administrative expense*.

Payment terms require settlement of rebates within sixty days of the beginning of the calendar quarter following receipt of such rebates by Part D Services.

The Company has a written tax-sharing agreement with the Ultimate Parent, and its allocation of the Ultimate Parent's federal and state income and premium taxes is based on the Company's federal and state tax liability determined as if the Company were filing its own separate tax return each year. The Company's tax sharing agreement with the Ultimate Parent provides that the Ultimate Parent will pay the Company for its net operating losses to the extent that such net operating loss is utilized in the reduction of the consolidated federal income tax liability. As of September 30, 2014 and December 31, 2013, the Company owed the Ultimate Parent \$104.4 million and \$44.5 million, respectively, for federal income taxes, which is reported as *current federal and foreign income tax payable* in the Statement of Liabilities, Capital and Surplus. As of September 30, 2014 and December 31, 2013, the Company owed the Ultimate Parent \$6.4 million and \$1.8 million, respectively, for state taxes, which is reported as *general expenses due or accrued* in the Statement of Liabilities, Capital and Surplus. Intercompany tax balances are settled annually.

G. All outstanding shares of the Company are owned by the Parent Company.

Notes to Financial Statement

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties (Continued)

- H. The Company does not own shares of stock of its Parent Company.
- I. The Company does not hold any interest in another company or limited partnership.
- J. The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.
- K. The Company does not have any investments in a foreign insurance subsidiary.
- L. The Company did not have any investments in a downstream non-insurance holding company.

11. Debt

None

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No change.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) As of September 30, 2014 and December 31, 2013, the Company had 10.0 million shares, (\$1 par); of Class A *common capital stock* authorized and 2.75 million of such shares issued and outstanding.
- (2) The Company has no preferred stock outstanding.
- (3) Without prior approval of the domiciliary commissioner, dividends to shareholders are limited by the laws of Tennessee and are based on the restrictions relating to statutory surplus.
- (4) No dividends were paid by the Company during the nine months ended September 30, 2014 and the twelve months ended December 31, 2013.
- (5) The portion of the Company's profits that may be paid as ordinary dividends are limited by the laws of Tennessee. Tennessee law states that ordinary dividends must follow Tennessee Code Ann. § 56-11-105(e) and Tennessee Code Ann. § 56-11-106(b) for extraordinary dividends. Ordinary dividends are limited to either ten percent of surplus or the net gain from operations for the previous twelve months.
- (6) The Company is subject to certain Risk-Based Capital ("RBC") requirements as specified by the NAIC. Under those requirements, the amount of capital and surplus maintained by a life/health insurance company is to be determined based on the various risk factors related to it. As of September 30, 2014 and December 31, 2013, there were no restrictions placed on the unassigned funds (surplus).
- (7) The Company has no mutual reciprocals or any similarly organized entities.
- (8) The Company does not hold any stock of the Ultimate Parent, including stock of affiliated entities for special purposes.
- (9) The Company had a special surplus of \$46.1 million and zero as of September 30, 2014 and December 31, 2013, respectively. The change in the balance of special surplus funds from the prior year is due to Section 9010 of the Affordable Care Act.
- (10) As of September 30, 2014 and December 31, 2013, the Company had no unrealized gains or losses.
- (11) The Company did not issue any surplus debenture of similar obligations.
- (12) The Company did not experience an impact of any restatement due to prior quasi-reorganization.
- (13) Not applicable.

Notes to Financial Statement

14.

Contingencies

A.

Contingent Commitments: None

B.

Assessments: None

C.

Gain Contingencies: None

D.

Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits: None

E.

All Other Contingencies: None
15.

Leases

A.

Lessee Operating Lease: None

B.

Lessor Leases: None
16.

Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk

None
17.

Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A.

Transfers of Receivables Reported as Sales: None

B.

Transfer and Servicing of Financial Assets: None

C.

Wash Sales: None
18.

Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A.

ASO Plans: None

B.

ASC Plans

For the nine months ended September 30, 2014 and 2013, the gain from operations from Administrative Services Contract (“ASC”) with uninsured plans is as follows:

September 30, 2014				
	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC	
a. Gross reimbursement for medical costs incurred	\$ 1,487,167,528	\$ -	\$	1,487,167,528
b. Gross administrative fees accrued	63,855,064	-		63,855,064
c. Other income or expense (including interest paid to or received from plans)	-	-		-
d. Gross expenses incurred (claims and administrative)	(1,551,022,592)	-		(1,551,022,592)
e. Total Net Operations	\$ -	\$ -	\$	-

September 30, 2013				
	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC	
a. Gross reimbursement for medical costs incurred	\$ 957,887,725	\$ -	\$	957,887,725
b. Gross administrative fees accrued	59,610,438	-		59,610,438
c. Other income or expense (including interest paid to or received from plans)	-	-		-
d. Gross expenses incurred (claims and administrative)	(1,017,498,163)	-		(1,017,498,163)
e. Total Net Operations	\$ -	\$ -	\$	-

Notes to Financial Statement

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans (continued)

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract:

- (1) Revenue and prescription drug amounts for the nine months ended September 30, 2014 and 2013, exclude \$6,444.9 million and \$6,289.6 million, respectively, in subsidies from CMS for catastrophic reinsurance subsidies, low income cost sharing subsidies (“LICS”) and the coverage gap discount program (“CGDP”) pursuant to the Company’s contracts with CMS.
- (2) As of September 30, 2014 and December 31, 2013, *amounts receivable relating to uninsured plans* includes \$3,575.3 million and \$2,314.5 million, respectively, due from CMS or drug manufacturers for LICS, CGDP and drug costs covered by the catastrophic reinsurance feature. Amounts due from clients and other sources as of September 30, 2014 and December 31, 2013 were \$110.4 million and \$67.3 million, respectively.
- (3) As of September 30, 2014 and December 31, 2013, there were no allowances or reserves for adjustment of recorded revenues.
- (4) The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None

20. Fair Value Measurements

Statement of Statutory Accounting Principle (SSAP) 100, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States, and enhances disclosures about fair value measurements. SSAP 100 provides guidance on how to measure fair value when required under existing accounting standards. The statement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels (“Level 1, 2 and 3”). Level 1 inputs are observable inputs that reflect quoted prices for identical assets or liabilities in active markets the Company has the ability to access at the measurement date. Level 2 inputs are observable inputs, other than quoted prices included in Level 1, for the asset or liability. Level 3 inputs are unobservable inputs reflecting the Company’s estimates of the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The hierarchy requires the use of market observable information when available for assessing fair value. As the fair value of the Company’s U.S. Treasury securities are based on unadjusted market prices, they are classified within Level 1.

The following methods and assumptions were used by the Company in estimating the “fair value” disclosures for financial instruments in the accompanying financial statements and notes thereto:

Cash and short-term investments: The carrying amounts reported in the accompany balance sheets for these financial instruments approximate their fair values.

Investment Securities: Fair values for bonds are based on the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company utilizes the three-level valuation hierarchy for the recognition and disclosure of fair value measurements. The categorization of assets and liabilities within this hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The three levels of the hierarchy consist of the following:

- *Level 1* - Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- *Level 2* - Inputs to the valuation methodology are quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active or inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument.
- *Level 3* - Inputs to the valuation methodology are unobservable inputs based upon management’s best estimate of inputs market participants could use in pricing the asset or liability at the measurement date, including assumptions about risk.

Notes to Financial Statement

20. Fair Value Measurements (Continued)

A.

(1) Fair Value Measurements at Reporting Date:

September 30, 2014

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
Assets at fair value				
Bonds - US Governments	\$ 2,301,739	\$ -	\$ -	\$ 2,301,739
Bonds - US Special Revenues	-	502,380	-	502,380
Cash	(674,062)	-	-	(674,062)
Short-Term Bonds - US Governments	-	-	-	-
Exempt Money Market Mutual Funds	14,923,805	-	-	14,923,805
Class One Money Market Mutual Funds	620,007	-	-	620,007
Matured investment being held by State for release	-	-	-	-
Total Assets at fair value	\$ 17,171,489	\$ 502,380	\$ -	\$ 17,673,869

December 31, 2013

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
Assets at fair value				
Bonds - US Governments	\$ 2,313,549	\$ -	\$ -	\$ 2,313,549
Bonds - US Special Revenues	-	491,985	-	491,985
Cash	(2,518,723)	-	-	(2,518,723)
Short-Term Bonds - US Governments	-	-	-	-
Exempt Money Market Mutual Funds	50,571,029	-	-	50,571,029
Class One Money Market Mutual Funds	620,007	-	-	620,007
Matured investment being held by State for release	260,000	-	-	260,000
Total Assets at fair value	\$ 51,245,862	\$ 491,985	\$ -	\$ 51,737,847

There have been no transfers between Level 1 and Level 2 of the Fair Value Hierarchy in the current reporting period.

(2) Fair Value Measurement (Level 3) of the Fair Value Hierarchy: Not Applicable

(3) Fair Value Measurement (Level 3) Transfers: Not Applicable

(4) Inputs for Valuation of Fair Value of Level 2 and Level 3 Investments: Bank valuation provided in monthly statements are utilized to estimate fair market value.

(5) Fair Value of Derivative Assets and Liabilities: Not Applicable

B. Other Accounting Pronouncements: Not Applicable

Notes to Financial Statement

20. Fair Value Measurements (Continued)

C. Aggregate fair value for all financial instruments at reporting date:

September 30, 2014

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 2,804,119	\$ 2,825,428	\$ 2,301,739	\$ 502,380	\$ -	\$ -
Cash	\$ (674,062)	\$ (674,062)	\$ (674,062)	\$ -	\$ -	\$ -
Short Term Investments	\$ 15,543,812	\$ 15,543,812	\$ 15,543,812	\$ -	\$ -	\$ -

December 31, 2013

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 2,805,534	\$ 2,852,200	\$ 2,313,549	\$ 491,985	\$ -	\$ -
Cash	\$ (2,518,723)	\$ (2,518,723)	\$ (2,518,723)	\$ -	\$ -	\$ -
Short Term Investments	\$ 51,191,036	\$ 51,191,036	\$ 51,191,036	\$ -	\$ -	\$ -
Matured Investment held by State	\$ 260,000	\$ 260,000	\$ 260,000	\$ -	\$ -	\$ -

D. Not Practicable to Estimate Fair Value:

As of September 30, 2014 and December 31, 2013, the Company did not own any financial instruments that were not practicable to estimate fair value.

Money market funds in active markets are classified within Level 1 as fair values are based on quoted market prices.

As of September 30, 2014, bonds, short-term investments, and cash with an admitted asset value of \$2.8 million, \$1.2 million and \$0.2 million, respectively, were on deposit with state insurance departments to satisfy regulatory requirements. As of December 31, 2013, bonds, short-term investments and cash with an admitted asset value of \$2.8 million, \$1.2 million, and \$0.2 million, respectively, were on deposit with state insurance departments to satisfy regulatory requirements.

Management regularly reviews the value of the Company’s investments. If the value of any investment falls below its cost basis, the decline is analyzed to determine whether it is an other-than-temporary decline in value. To make this determination for each security, the following is considered:

- The length of time and the extent to which the fair value has been below cost;
- The financial condition and near-term prospects of the issuer of the security, including any specific events that may affect its operations or earnings potential; and
- Management’s intent and ability to hold the security long enough for it to recover its value.

Based on that analysis, management makes a judgment as to whether the loss is other-than-temporary. If the loss is other-than-temporary, an impairment charge is recorded within net realized investment gains (losses) in the statements of operations in the period the determination is made. For the nine months ended September 30, 2014 and the year ended December 31, 2013, management determined that none of the Company’s investments had sustained an other-than-temporary decline in value.

21. Other Items

- A. Extraordinary Items: None
- B. Troubled Debt Restructuring - Debtors: None
- C. Other Disclosures and Unusual Items: None
- D. Business Interruption Insurance Recoveries: None

Notes to Financial Statement

21. Other Items (Continued)

- E. State Transferable Tax Credits: None
- F. Subprime-Mortgage-Related Risk Exposure: None
- G. Retained Assets: None
- H. Offsetting and Netting of Assets and Liabilities: None
- J. Risk Sharing Provisions of the Affordable Care Act (“ACA”): The Company only offers health insurance coverage under Medicare Part D and is not a qualified health plan under the definition of the ACA. Accordingly, the Company has not recorded any financial impact with respect to the following features of the ACA:
 - (1) Permanent ACA Risk Adjustment Program
 - a. Premium adjustments receivable due to ACA Risk Adjustment: None
 - b. Risk adjustment user fees payable for ACA Risk Adjustment: None
 - c. Premium adjustments payable due to ACA Risk Adjustment: None
 - d. Reported as revenue in premium for accident and health contracts due to ACA Risk Adjustment: None
 - e. Reported in expenses as ACA Risk Adjustment user fees: None
 - (2) Transitional ACA Reinsurance Program
 - a. Amounts recoverable for claims paid due to ACA Reinsurance: None
 - b. Amounts recoverable for claims unpaid due to ACA Reinsurance: None
 - c. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance: None
 - d. Liabilities for contributions payable due to ACA Reinsurance: None
 - e. Ceded reinsurance premiums payable due to ACA Reinsurance: None
 - f. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance: None
 - g. Ceded reinsurance premiums due to ACA Reinsurance: None
 - h. Reinsurance recoveries due to ACA Reinsurance payments or expected payments: None
 - i. ACA Reinsurance contributions: None
 - (3) Temporary ACA Risk Corridors Program
 - a. Accrued retrospective premium due to ACA Risk Corridors: None
 - b. Reserve for rate credits or policy experience ratings refunds due to ACA Risk Corridor: None
 - c. Effect of ACA Risk Corridors on net premium income: None
 - d. Effect of ACA Risk Corridors on change in reserves for rate credits: None

22. Events Subsequent

The Company has assessed and concluded that there were no other material subsequent events, through November 13, 2014, the date which the financial statements were available to be issued.

23. Reinsurance

A. Ceded Reinsurance Report

The Company entered into a reinsurance agreement with Hartford Life and Accident Insurance Company (“Hartford”), an unaffiliated authorized insurance company, effective January 1, 2009. The Company’s ceded premiums totaled \$2.3 million and \$3.2 million during the nine months ended September 30, 2014 and 2013, respectively.

The Company entered into a reinsurance agreement with FirstCare, an unaffiliated authorized insurance company, effective July 11, 2014 in which the Company cedes 100% of the business on an acquired contract to FirstCare. The Company’s ceded premiums totaled \$6.4 million from purchase date through September 30, 2014.

Neither the Company nor any of its related parties control, directly or indirectly, the Hartford or First Care. No policies to the Hartford or First Care issued by the Company have been reinsured with a foreign company, which is controlled, either directly or indirectly, by a party not primarily engaged in the business of insurance. The Company does not have any reinsurance agreements in effect under which the Hartford or First Care may unilaterally cancel the agreement. As of September 30, 2014 there are no reinsurance agreements in effect such that the amount of losses paid or accrued exceed the total direct premium collected for the Hartford or First Care.

Notes to Financial Statement

23. Reinsurance (Continued)

The Company entered into a quota share reinsurance agreement with an affiliate of the Parent Company, CVS Caremark Indemnity, Ltd., a Bermuda domiciled insurer. Under the terms of this agreement, the Company cedes 20% of the Company’s share of the risk associated with individual and group premiums and claims. This agreement was approved by the Department on August 15, 2011, and was retroactive to January 1, 2011. The following is a financial summary of the ceded amounts and related expenses under this agreement:

	<u>Nine months</u> <u>ended September</u> <u>30,2014</u>		<u>Twelve months ended</u> <u>December 31, 2013</u>	
Statement of Revenue and Expense:				
Premiums	\$	512,587,670	\$	753,808,633
Benefits		(421,169,767)		(619,519,075)
Commissions expense		(59,966,481)		(82,178,520)
Interest (revenue) expense		10,564		187,676
Total revenue and expense ceded	\$	31,461,986	\$	52,298,714
Balance Sheet:				
Claims unpaid	\$	76,159,173	\$	50,012,023
Aggregate health policy reserves		62,230,628		54,972,327
Accrued retrospective premiums		-		-
Premiums received in advance		836,428		1,402,317
Premiums receivable		(3,930,930)		(4,209,728)
Accrued incentive pool		2,819,928		50,000
Total ceded balance sheet Items	\$	138,115,227	\$	102,226,939
Settlement of Prior Year Activity	\$	(1,549,727)	\$	-
Funds held by or deposited with reinsured companies	\$	571,734,360	\$	806,161,225
Funds held under reinsurance treaties with unauthorized reinsurers		(403,706,874)		(651,635,572)
Amount due to CMS Caremark Indemnity, Ltd.	\$	168,027,486	\$	154,525,653

B. Uncollectible Reinsurance: None

C. Commutation of Ceded Reinsurance

The Company did not commute any ceded reinsurance nor did it enter into or engage in any agreement that reinsures policies or contracts that were in-force or had existing reserves as of the effective date of such agreements.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation: None

Notes to Financial Statement

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. The Company's Medicare Part D contract with CMS contains a risk corridor feature. Due to the risk corridor feature, the Company's business is accounted for as a retrospectively rated contract. The Company estimates retrospective premium adjustments using a mathematical approach based on the Company's underwriting experience. As of September 30, 2014 and December 31, 2013, accrued retroactive premium adjustments were reported as an *aggregate health policy reserves* in the amount of \$264.8 million and \$222.1 million, respectively, and as *accrued retrospective premiums* of \$4 thousand and \$4 thousand, respectively.
- B. The Company records the risk corridor adjustment as an adjustment to earned premiums.
- C. The amount of net direct premiums written by the Company during the nine months ended September 30, 2014 and 2013 that was subject to the retrospective rating feature was \$2,381.8 million and \$2,835.8 million, respectively, which represented 92% and 93%, respectively, of the total premiums written, excluding risk corridor adjustment.
- D. Medical loss ratio rebates required pursuant to the Public Health Service Act: Not applicable

25. Change in Incurred Claims and Claim Adjustment Expenses

The following table provides a reconciliation of the beginning and ending balances of claims unpaid, accruals for medical incentive pool and bonus, and health care receivables as follows:

	Nine Months Ended September 30, 2014	Year Ended December 31, 2013
Balances at January 1:		
Reserves for unpaid claims	\$ 203,622,464	\$ 44,586,896
Healthcare receivables	-	(19,499,988)
Reserve for incentive pools	200,000	-
	<u>\$ 203,822,464</u>	<u>\$ 25,086,908</u>
Incurred related to:		
Current year	\$ 1,700,164,743	\$ 2,545,281,087
Prior year	(14,518,543)	(19,344,738)
	<u>\$ 1,685,646,200</u>	<u>\$ 2,525,936,349</u>
Paid (received) related to:		
Current year	\$ 1,426,935,252	\$ 2,361,536,041
Prior year	135,025,981	(14,335,248)
	<u>\$ 1,561,961,233</u>	<u>\$ 2,347,200,793</u>
Balances at September 30, 2014 and December 31, 2013:		
Reserves for unpaid claims	\$ 316,227,720	\$ 203,622,464
Reserve for incentive pools	11,279,711	200,000
	<u>\$ 327,507,431</u>	<u>\$ 203,822,464</u>

Changes in prior year reserves are generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding claims. It is at least reasonably possible that a further change in the incurred but not reported claims could occur within one year from the date of these financial statements and that such a change in these estimates could be material to the financial statements.

During 2014, the Company experienced \$14.5 million of favorable prior year claims development, all of which related to retrospectively rated policies. This favorable development occurred due primarily to reductions in reserve levels and additional pharmacy network fees related to the prior year credited to the Company by Part D Services in the second quarter of 2014.

During 2013, the Company experienced \$19.3 million of favorable prior year claims development, all of which related to retrospectively rated policies. This favorable development occurred due primarily to a global reduction in reserves that was a result of a reduction in subsequent claims, or runoff, noted in the current year.

These amounts do not include the LICs, CGDP or reinsurance portions of claims that have been or will be reimbursed by CMS or drug manufacturers.

Notes to Financial Statement

26. Intercompany Pooling Arrangements

None

27. Structured Settlements

None

28. Health Care Receivables

The Company has contracted with its Part D Services, for pharmaceutical rebates. Amounts recorded in the Company’s financial statements are determined based on the amounts the Part D Services has collected or expects to collect or expects to collect as invoiced or otherwise confirmed by Part D Services. The Company reports pharmaceutical rebates due to/from Part D Services as health care receivables.

A. Pharmaceutical Rebate Receivables:

Quarter	Estimated Pharmacy Rebates as Reported	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 181 Days After Billing
09/30/2014	\$ 985,349,924	\$ 985,349,924	\$ 985,349,924	\$ -	\$ -
06/30/2014	887,340,228	900,851,534	900,851,534	-	-
03/31/2014	837,836,305	840,385,463	840,385,463	-	-
12/31/2013	850,884,962	853,884,252	853,884,252	-	-
09/30/2013	810,829,528	822,862,040	822,862,040	-	-
06/30/2013	731,002,181	731,928,800	731,928,800	-	-
03/31/2013	668,437,711	703,759,427	703,759,427	-	-
12/31/2012	275,629,822	268,484,772	267,428,095	1,055,831	846
09/30/12	244,482,467	254,181,582	253,601,714	401,263	178,604
06/30/12	249,073,711	258,059,553	256,388,841	1,594,850	75,863
03/31/12	245,944,146	253,119,228	250,219,120	2,550,248	349,860
12/31/2011	131,854,647	137,501,575	136,516,822	947,428	37,325

B. Risk Sharing Receivables:

None

29. Participating Policies

None

30. Premium Deficiency Reserves

None

31. Anticipated Salvage and Subrogation

None

STATEMENT AS OF SEPTEMBER 30, 2014 OF THE SilverScript Insurance Company

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:
- 3.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1 and 1A.

Yes ☒ No ☐
- 3.2

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☐ No ☒
- 3.3

If the response to 3.2 is yes, provide a brief description of those changes.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 4.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ☐ No ☒ N/A ☐
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2013
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2010
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

07/09/2013
- 6.4

By what department or departments?
State of Tennessee Department of Commerce and Insurance
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ N/A ☒
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ N/A ☐
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 7.2

If yes, give full information:
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

STATEMENT AS OF SEPTEMBER 30, 2014 OF THE SilverScript Insurance Company

GENERAL INTERROGATORIES

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity; (c) Compliance with applicable governmental laws, rules and regulations; (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and (e) Accountability for adherence to the code.

Yes [X] No []
- 9.11

If the response to 9.1 is No, please explain:
- 9.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [] No [X]
- 10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes [] No [X]
- 11.2

If yes, give full and complete information relating thereto:
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$
13.

Amount of real estate and mortgages held in short-term investments:

\$
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes [] No [X]
- 14.2

If yes, please complete the following:
- | | 1 | 2 |
|---|---|--|
| | Prior Year-End Book/Adjusted Carrying Value | Current Quarter Book/Adjusted Carrying Value |
| 14.21 Bonds | \$0 | \$ |
| 14.22 Preferred Stock | \$0 | \$ |
| 14.23 Common Stock | \$0 | \$ |
| 14.24 Short-Term Investments | \$0 | \$ |
| 14.25 Mortgage Loans on Real Estate | \$0 | \$ |
| 14.26 All Other | \$0 | \$ |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) | \$0 | \$0 |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above | \$ | \$ |
- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes [] No [X]
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes [] No [X]

STATEMENT AS OF SEPTEMBER 30, 2014 OF THE SilverScript Insurance Company

GENERAL INTERROGATORIES

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

\$0
- 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

\$0
- 16.3 Total payable for securities lending reported on the liability page

\$0

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?
- Yes [X] No []

- 17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Bank of America, N.A.	1655 Grant Street, Concord, CA 94520
Bank of America, N.A.	200 N College Street, Charlotte, NC 28255
Regions Bank	400 West Capitol, Little Rock, AR 72201
Suntrust	919 East Main Street, 7th Floor, Richmond, VA 23219
US Bank	225 Water Street Suite 700, Jacksonville, FL 32202
Xerox State & Local Solutions, Inc.	100 Hancock Street 10th Floor, Quincy, MA 02171

- 17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?
- Yes [] No [X]

- 17.4 If yes, give full information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

- 17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

- 18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?
- Yes [X] No []

- 18.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:
- 1.1 A&H loss percent

83.7 %
- 1.2 A&H cost containment percent

0.0 %
- 1.3 A&H expense percent excluding cost containment expenses

10.6 %
- 2.1 Do you act as a custodian for health savings accounts?

Yes [] No [X]
- 2.2 If yes, please provide the amount of custodial funds held as of the reporting date

\$
- 2.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]
- 2.4 If yes, please provide the balance of the funds administered as of the reporting date

\$

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1	2	3	4	5	6	7	8	9
NAIC Company Code	ID Number	Effective Date	Name of Reinsurer	Domiciliary Jurisdiction	Type of Reinsurance Ceded	Type of Reinsurer	Certified Reinsurer Rating (1 through 6)	Effective Date of Certified Reinsurer Rating
60113	52-1962376	07/11/2014	First Care, Inc.	MD	QA/A/I	Authorized		

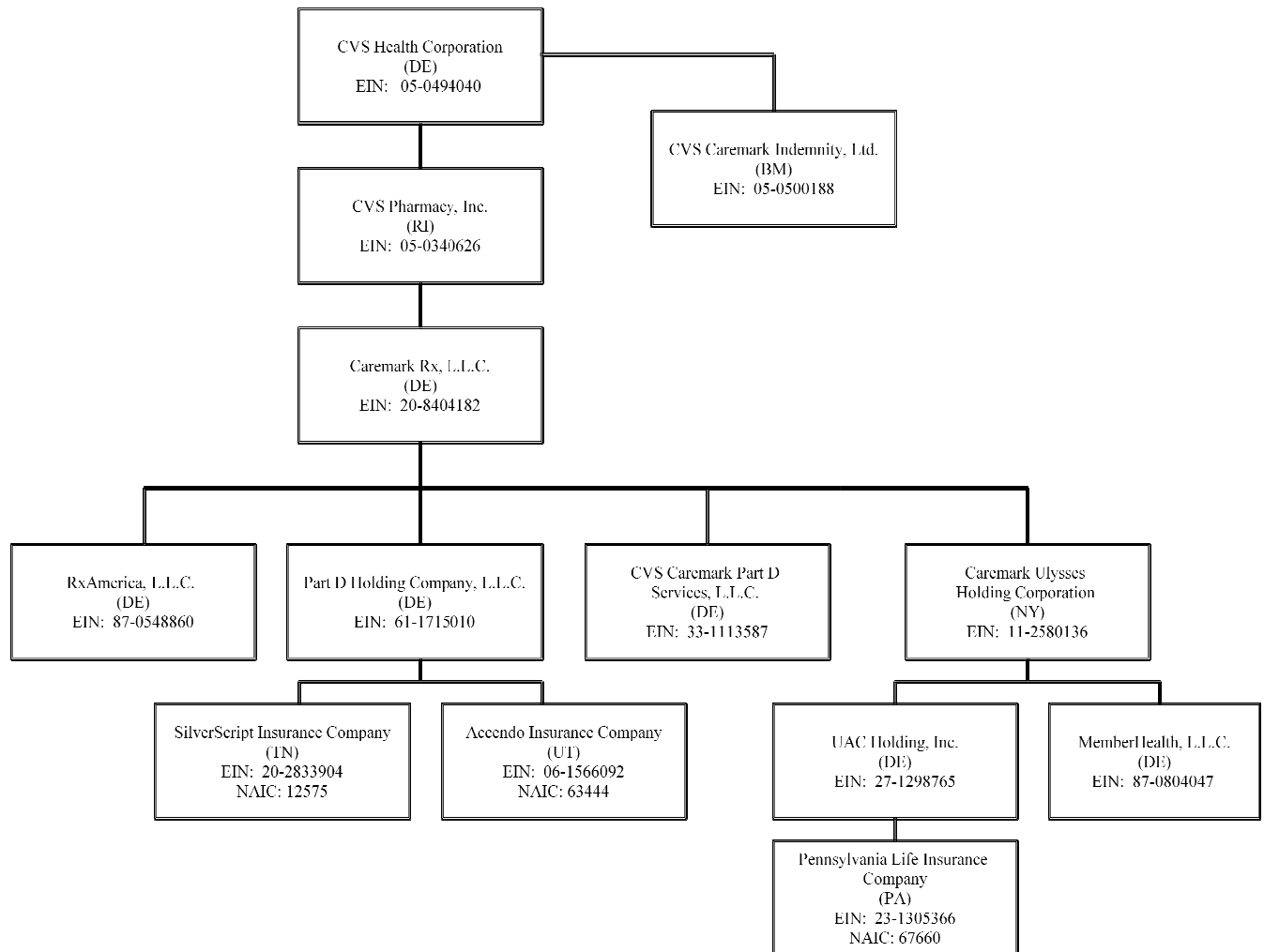
STATEMENT AS OF SEPTEMBER 30, 2014 OF THE SilverScript Insurance Company

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories										
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, etc.		Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL	L	43,731,945					43,731,945	
2.	Alaska	AK	L	1,365,809					1,365,809	
3.	Arizona	AZ	L	23,826,194					23,826,194	
4.	Arkansas	AR	L	35,446,633					35,446,633	
5.	California	CA	L	323,942,355					323,942,355	
6.	Colorado	CO	L	11,843,270					11,843,270	
7.	Connecticut	CT	L	39,499,273					39,499,273	
8.	Delaware	DE	L	7,514,092					7,514,092	
9.	District of Columbia	DC	L	4,907,154					4,907,154	
10.	Florida	FL	L	78,466,123					78,466,123	
11.	Georgia	GA	L	80,734,727					80,734,727	
12.	Hawaii	HI	L	1,511,497					1,511,497	
13.	Idaho	ID	L	11,741,452					11,741,452	
14.	Illinois	IL	L	86,861,896					86,861,896	
15.	Indiana	IN	L	51,706,615					51,706,615	
16.	Iowa	IA	L	33,835,585					33,835,585	
17.	Kansas	KS	L	24,113,128					24,113,128	
18.	Kentucky	KY	L	50,194,408					50,194,408	
19.	Louisiana	LA	L	68,963,656					68,963,656	
20.	Maine	ME	L	3,893,866					3,893,866	
21.	Maryland	MD	L	36,502,862					36,502,862	
22.	Massachusetts	MA	L	97,186,089					97,186,089	
23.	Michigan	MI	L	64,414,677					64,414,677	
24.	Minnesota	MN	L	35,186,595					35,186,595	
25.	Mississippi	MS	L	44,514,229					44,514,229	
26.	Missouri	MO	L	84,167,607					84,167,607	
27.	Montana	MT	L	10,036,813					10,036,813	
28.	Nebraska	NE	L	18,448,163					18,448,163	
29.	Nevada	NV	L	9,202,683					9,202,683	
30.	New Hampshire	NH	L	7,162,235					7,162,235	
31.	New Jersey	NJ	L	86,303,265					86,303,265	
32.	New Mexico	NM	L	18,684,493					18,684,493	
33.	New York	NY	L	179,461,203					179,461,203	
34.	North Carolina	NC	L	101,578,227					101,578,227	
35.	North Dakota	ND	L	10,794,981					10,794,981	
36.	Ohio	OH	L	110,138,627					110,138,627	
37.	Oklahoma	OK	L	52,437,154					52,437,154	
38.	Oregon	OR	L	21,901,411					21,901,411	
39.	Pennsylvania	PA	L	133,893,918					133,893,918	
40.	Rhode Island	RI	L	14,067,134					14,067,134	
41.	South Carolina	SC	L	37,149,258					37,149,258	
42.	South Dakota	SD	L	8,988,586					8,988,586	
43.	Tennessee	TN	L	49,892,106					49,892,106	
44.	Texas	TX	L	151,650,616					151,650,616	
45.	Utah	UT	L	9,087,124					9,087,124	
46.	Vermont	VT	L	11,271,585					11,271,585	
47.	Virginia	VA	L	54,930,660					54,930,660	
48.	Washington	WA	L	50,843,359					50,843,359	
49.	West Virginia	WV	L	34,348,579					34,348,579	
50.	Wisconsin	WI	L	52,637,260					52,637,260	
51.	Wyoming	WY	L	4,059,734					4,059,734	
52.	American Samoa	AS	N						0	
53.	Guam	GU	N						0	
54.	Puerto Rico	PR	L	285,648					285,648	
55.	U.S. Virgin Islands	VI	N	23,980					23,980	
56.	Northern Mariana Islands	MP	N						0	
57.	Canada	CAN	N						0	
58.	Aggregate Other Aliens	OT	XXX	0	0	0	0	0	0	0
59.	Subtotal	XXX	2,585,350,538	0	0	0	0	0	2,585,350,538	0
60.	Reporting Entity Contributions for Employee Benefit Plans	XXX							0	
61.	Totals (Direct Business)	(a) 52	2,585,350,538	0	0	0	0	0	2,585,350,538	0
DETAILS OF WRITE-INS										
58001.	.....	XXX								
58002.	.....	XXX								
58003.	.....	XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999.	Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.
(a) Insert the number of L responses except for Canada and Other Alien.

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART**



SCHEDULE Y
PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domi-ciliary Loca-tion	Relation-ship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Owner-ship Provide Percen-tage	Ultimate Controlling Entity(ies)/Person(s)	*
4667	CVS Health Group	00000	05-0494040			NYSE	CVS Health Corporation		UIP	Board of Directors	Board of Directors	100.000	CVS Health Corporation	
4667	CVS Health Group	00000	05-0340626				CVS Pharmacy, Inc		NIA	CVS Health Corporation	Management	100.000	CVS Health Corporation	
4667	CVS Health Group	00000	20-8404182				Caremark Rx, L.L.C.		NIA	CVS Health Corporation	Management	100.000	CVS Health Corporation	
4667	CVS Health Group	00000	61-1715010				Part D Holding Company, L.L.C.		UDP	CVS Health Corporation	Management	100.000	CVS Health Corporation	
4667	CVS Health Group	00000	33-1113587				CVS Caremark Part D Services, L.L.C.		NIA	CVS Health Corporation	Management	100.000	CVS Health Corporation	
4667	CVS Health Group	00000	87-0548860				RxAmerica, L.L.C.		NIA	CVS Health Corporation	Management	100.000	CVS Health Corporation	
4667	CVS Health Group	00000	11-2580136				Caremark Ulysses Holding Corporation		NIA	CVS Health Corporation	Management	100.000	CVS Health Corporation	
4667	CVS Health Group	00000	87-0804047				MemberHealth, L.L.C.		NIA	CVS Health Corporation	Management	100.000	CVS Health Corporation	
4667	CVS Health Group	00000	05-0500188				CVS Caremark Indemnity, Ltd.	BMU	IA	CVS Health Corporation	Management	100.000	CVS Health Corporation	
4667	CVS Health Group	12575	20-2833904				SilverScript Insurance Company		IA	CVS Health Corporation	Management	100.000	CVS Health Corporation	
4667	CVS Health Group	63444	06-1566092				Accendo Insurance Company		IA	CVS Health Corporation	Management	100.000	CVS Health Corporation	
4667	CVS Health Group	67660	23-1305366				Pennsylvania Life Insurance Co.		IA	CVS Health Corporation	Management	100.000	CVS Health Corporation	
4667	CVS Health Group	00000	27-1298765				UAC Holding, Inc.		NIA	CVS Health Corporation	Management	100.000	CVS Health Corporation	

Asterisk	Explanation

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

Response

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

YES

Explanation:

Bar Code:

NONE

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest point and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	2,852,200	1,542,751
2. Cost of bonds and stocks acquired	633,063	1,693,481
3. Accrual of discount	307	0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals		0
6. Deduct consideration for bonds and stocks disposed of	640,000	360,000
7. Deduct amortization of premium	20,142	24,032
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	2,825,428	2,852,200
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	2,825,428	2,852,200

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a)	3,520,954	751,705,551	737,367,144	(2,259)	3,516,293	3,520,954	17,857,102	53,518,963
2. NAIC 2 (a)	0				0	0	0	0
3. NAIC 3 (a)	516,183			(4,045)	520,228	516,183	512,138	524,273
4. NAIC 4 (a)	0				0	0	0	0
5. NAIC 5 (a)	0				0	0	0	0
6. NAIC 6 (a)	0				0	0	0	0
7. Total Bonds	4,037,137	751,705,551	737,367,144	(6,304)	4,036,521	4,037,137	18,369,240	54,043,236
PREFERRED STOCK								
8. NAIC 1	0				0	0	0	0
9. NAIC 2	0				0	0	0	0
10. NAIC 3	0				0	0	0	0
11. NAIC 4	0				0	0	0	0
12. NAIC 5	0				0	0	0	0
13. NAIC 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	4,037,137	751,705,551	737,367,144	(6,304)	4,036,521	4,037,137	18,369,240	54,043,236

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$; NAIC 2 \$; NAIC 3 \$;
NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year-to-Date	Paid for Accrued Interest Year-to-Date
9199999 Totals	15,543,812	xxx	15,543,812	1,468	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	51,191,036	422,339,834
2. Cost of short-term investments acquired	751,081,183	1,034,760,116
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals	786,728,407	1,405,906,993
7. Deduct amortization of premium		1,921
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	15,543,812	51,191,036
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	15,543,812	51,191,036

Schedule DB - Part A - Verification - Options, Caps, Floors, Collars, Swaps and Forwards
N O N E

Schedule DB - Part B - Verification - Futures Contracts
N O N E

Schedule DB - Part C - Section 1 - Replication (Synthetic Asset) Transactions (RSATs) Open
N O N E

Schedule DB-Part C-Section 2-Reconciliation of Replication (Synthetic Asset) Transactions Open
N O N E

Schedule DB - Verification - Book/Adjusted Carrying Value, Fair Value and Potential Exposure of
Derivatives
N O N E

Schedule E - Verification - Cash Equivalents
N O N E

Schedule A - Part 2 - Real Estate Acquired and Additions Made
N O N E

Schedule A - Part 3 - Real Estate Disposed
N O N E

Schedule B - Part 2 - Mortgage Loans Acquired
N O N E

Schedule B - Part 3 - Mortgage Loans Disposed, Transferred or Repaid
N O N E

Schedule BA - Part 2 - Other Long-Term Invested Assets Acquired
N O N E

Schedule BA - Part 3 - Other Long-Term Invested Assets Disposed, Transferred or Repaid
N O N E

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
912828-TG-5	US Treasury Bond .....		.08/15/2014	Bank of America .....		.514,394	.520,000	.106	
912828-TG-5	US Treasury Bond .....		.08/15/2014	Bank of America .....		.118,669	.120,000	.24	
0599999. Subtotal - Bonds - U.S. Governments						633,063	640,000	130	XXX
8399997. Total - Bonds - Part 3						633,063	640,000	130	XXX
8399998. Total - Bonds - Part 5						XXX	XXX	XXX	XXX
8399999. Total - Bonds						633,063	640,000	130	XXX
8999997. Total - Preferred Stocks - Part 3						0	XXX	0	XXX
8999998. Total - Preferred Stocks - Part 5						XXX	XXX	XXX	XXX
8999999. Total - Preferred Stocks						0	XXX	0	XXX
9799997. Total - Common Stocks - Part 3						0	XXX	0	XXX
9799998. Total - Common Stocks - Part 5						XXX	XXX	XXX	XXX
9799999. Total - Common Stocks						0	XXX	0	XXX
9899999. Total - Preferred and Common Stocks						0	XXX	0	XXX
9999999 - Totals						633,063	XXX	130	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

STATEMENT AS OF SEPTEMBER 30, 2014 OF THE SilverScript Insurance Company

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For- eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid- eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor- tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog- nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Con- tractual Maturity Date	NAIC Desig- nation or Market In- dicator (a)
912828-RB-8	US Treasury Bond		08/15/2014	Bank of America		520,000	520,000	522,438	520,608		608		608		520,000			0	2,600	08/15/2014	
912828-RB-8	US Treasury Bond		08/15/2014	Xerox		120,000	120,000	120,900	120,219		219		219		120,000			0	600	08/15/2014	
													0					0			
0599999. Subtotal - Bonds - U.S. Governments						640,000	640,000	643,338	640,827	0	827	0	827	0	640,000	0	0	0	3,200	XXX	XXX
8399997. Total - Bonds - Part 4						640,000	640,000	643,338	640,827	0	827	0	827	0	640,000	0	0	0	3,200	XXX	XXX
8399998. Total - Bonds - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8399999. Total - Bonds						640,000	640,000	643,338	640,827	0	827	0	827	0	640,000	0	0	0	3,200	XXX	XXX
8999997. Total - Preferred Stocks - Part 4						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
8999998. Total - Preferred Stocks - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8999999. Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9799997. Total - Common Stocks - Part 4						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9799998. Total - Common Stocks - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9799999. Total - Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9899999. Total - Preferred and Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9999999 - Totals						640,000	XXX	643,338	640,827	0	827	0	827	0	640,000	0	0	0	3,200	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues.....

Schedule DB - Part A - Section 1 - Options, Caps, Floors, Collars, Swaps and Forwards Open
N O N E

Schedule DB - Part B - Section 1 - Futures Contracts Open
N O N E

Schedule DB - Part B - Section 1B - Brokers with whom cash deposits have been made
N O N E

Schedule DB - Part D - Section 1 - Counterparty Exposure for Derivative Instruments Open
N O N E

Schedule DB - Part D-Section 2 - Collateral for Derivative Instruments Open - Pledged By
N O N E

Schedule DB - Part D-Section 2 - Collateral for Derivative Instruments Open - Pledged To
N O N E

Schedule DL - Part 1 - Reinvested Collateral Assets Owned
N O N E

Schedule DL - Part 2 - Reinvested Collateral Assets Owned
N O N E

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
					First Month	Second Month	Third Month	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date				*
Bank of America Concord, CA					(1,198,490)	(4,902,891)	(874,062)	XXX
Bank of America Charlotte, NC	SD	0.300		60		200,000	200,000	XXX
Bank of America Charlotte, NC	SD	0.350	700		200,000	0		XXX
0199998. Deposits in ... depositories that do not exceed the allowable limit in any one depository (See instructions) - Open Depositories	XXX	XXX						XXX
0199999. Totals - Open Depositories	XXX	XXX	700	60	(998,490)	(4,702,891)	(674,062)	XXX
0299998. Deposits in ... depositories that do not exceed the allowable limit in any one depository (See instructions) - Suspended Depositories	XXX	XXX						XXX
0299999. Totals - Suspended Depositories	XXX	XXX	0	0	0	0	0	XXX
0399999. Total Cash on Deposit	XXX	XXX	700	60	(998,490)	(4,702,891)	(674,062)	XXX
0499999. Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999. Total - Cash	XXX	XXX	700	60	(998,490)	(4,702,891)	(674,062)	XXX

STATEMENT AS OF SEPTEMBER 30, 2014 OF THE SilverScript Insurance Company

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter							
1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due and Accrued	Amount Received During Year
8699999 - Total Cash Equivalents							

NONE



SUPPLEMENT FOR THE QUARTER ENDING SEPTEMBER 30, 2014 OF THE SilverScript Insurance Company

MEDICARE PART D COVERAGE SUPPLEMENT

(Net of Reinsurance)

NAIC Group Code 4667

NAIC Company Code 12575

	Individual Coverage		Group Coverage		5
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	Total Cash
1. Premiums Collected	1,968,953,973	XXX	61,465,317	XXX	2,030,419,290
2. Earned Premiums	1,966,373,180	XXX	47,803,598	XXX	XXX
3. Claims Paid	1,520,328,664	XXX	41,632,569	XXX	1,561,961,233
4. Claims Incurred	1,641,827,541	XXX	43,818,659	XXX	XXX
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a)	XXX	453,667,816	XXX	282,516,067	736,183,883
6. Aggregate Policy Reserves - Change		XXX		XXX	XXX
7. Expenses Paid	223,393,104	XXX	5,430,807	XXX	228,823,911
8. Expenses Incurred	209,248,166	XXX	5,086,936	XXX	XXX
9. Underwriting Gain or Loss	115,297,473	XXX	(1,101,997)	XXX	XXX
10. Cash Flow Result	XXX	XXX	XXX	XXX	(496,549,737)

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$ 3,221,334,271 due from CMS or \$ 16,297,599 due to CMS